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R 241042Z AUG 09
FM AMEMBASSY BISHKEK
TO RUEHC/SECSTATE WASHDC 2603
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RHEFDIA/DIA WASHDC
RUEKJCS/OSD WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEHGV/USMISSION GENEVA 1524
RUEHVEN/USMISSION USOSCE 3577
RUCNDT/USMISSION USUN NEW YORK 2963
RUEHNO/USMISSION USNATO BRUSSELS BE
RUEHBS/USEU BRUSSELS
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL

C O N F I D E N T I A L BISHKEK 000945

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DEPT FOR SCA/CEN

E.O. 12958: DECL: 08/24/2019
TAGS: [PGOV](#) [PREL](#) [ECPS](#) [EINV](#) [KIDE](#) [KG](#)
SUBJECT: KYRGYZSTAN: POSITIVE DEVELOPMENT FOR
AMERICAN-FINANCED MOBILE TELECOMMUNICATIONS COMPANY

Classified By: Ambassador Tatiana C. Gfoeller for Reasons 1.4 (b) and (d).

¶1. (SBU) SUMMARY: On August 5, EmbOff met with Ross Jacoby, the Chairman of Katel, an American-financed mobile telecommunications company based in Kyrgyzstan. Jacoby told EmbOff of the Kyrgyz government's recent decision to overturn an earlier decree that allocated a portion of Katel,s frequencies to a competitor. Katel still has not obtained the lost frequencies, however, and continues to face a challenging business and investment environment. END SUMMARY.

¶2. (SBU) EmbOff met with Katel Chairman Ross Jacoby on August 5 to receive an update on Katel,s ongoing battle with the National Agency of Communications (NAC) of the Kyrgyz Republic to recover frequencies that had been taken from Katel two years earlier. Jacoby provided a copy of a decree from the NAC dated July 27, 2009 that canceled the June 2007 NAC decree that had allocated a significant portion of Katel,s frequencies to Aktel, a competitor of Katel. Jacoby noted that while Aktel had yet to return the frequencies to Katel, he believed the latest decision by the NAC was a positive step toward the return of these lost frequencies.

¶3. (SBU) Jacoby noted that it was important for Katel to receive these frequencies before upgrading its network's Second Generation Time Division Multiple Access (TDMA) system into a third generation Universal Mobile Telecommunications System (UMTS) solution, a necessary step in order for Katel to keep pace with its competitors. The Katel Chairman noted that while the company had received permission from the Kyrgyz government approximately one year ago to make the transition, the frequency dispute and the global financial crisis had made it difficult to move forward on the implementation. Jacoby explained that while Katel,s two primary investors, Citibank and the Royal Bank of Scotland, had already invested USD 50 million into Katel, tens of millions were still needed to move forward on the TDMA) UMTS transition.

¶4. (C) COMMENT: Katel,s experiences in Kyrgyzstan represent the difficult local business operating environment. Katel is one of the largest U.S. investors in Kyrgyzstan. The decision by the NAC to rescind its previous decree regarding its frequencies is positive news and will hopefully lead to

additional investments in Kyrgyzstan,s mobile
telecommunications sector.
GFOELLER